

Message Text

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ORIGIN EB-08

INFO OCT-01 ISO-00 TRSE-00 SIG-02 MMO-04 SP-02 USIA-15
AID-05 NSC-05 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 AF-10 ARA-14 EA-09 EUR-12 NEA-10
AGRE-00 /141 R

DRAFTED BY EB/IFD/OIA:CGBOND:ME
APPROVED BY E:RNCOOPER
TREASURY:FBERGSTEN
TREASURY:JGRIFFIN
COMMERCE:DARRILL
LABOR:HGRUBERT
NEA/RA:SPALMER
IO/IEP:WWOODBURY
EUR/RPE:RGELBARD
ARA/ECP:SROGERS

-----014073 070335Z /65

R 061501Z AUG 77
FM SECSTATE WASHDC
TO ALL DIPLOMATIC AND CONSULAR POSTS

UNCLAS STATE 185216

INFORM CONSULS

E.O. 11652: N/A

TAGS:EINV, ECON

SUBJECT: U.S. GOVERNMENT POLICY ON DIRECT INTERNATIONAL
INVESTMENT

1. THE FOLLOWING STATEMENT IS THE PRODUCT OF AN INTER-
AGENCY REVIEW OF ADMINISTRATION POLICY ON DIRECT INTER-
NATIONAL INVESTMENT. THE STATEMENT WAS APPROVED BY THE
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ECONOMIC POLICY GROUP AND IS PROVIDED FOR POSTS' INFORMA-
TION.

2. BEGIN TEXT:

-- U.S. GOVERNMENT POLICY ON DIRECT
-- INTERNATIONAL INVESTMENT

3. THE FUNDAMENTAL POLICY OF THE U.S. GOVERNMENT TOWARD INTERNATIONAL INVESTMENT IS TO NEITHER PROMOTE NOR DISCOURAGE INWARD OR OUTWARD INVESTMENT FLOWS OR ACTIVITIES. THIS POLICY IS CONSISTENT WITH AND REAFFIRMS OUR LONG-STANDING COMMITMENT TO A GENERALLY OPEN INTERNATIONAL ECONOMIC SYSTEM.

4. THE GOVERNMENT, THEREFORE, SHOULD NORMALLY AVOID MEASURES WHICH WOULD GIVE SPECIAL INCENTIVES OR DISINCENTIVES TO INVESTMENT FLOWS OR ACTIVITIES AND SHOULD NOT NORMALLY INTERVENE IN THE ACTIVITIES OF INDIVIDUAL COMPANIES REGARDING INTERNATIONAL INVESTMENT. WHENEVER SUCH MEASURES ARE UNDER CONSIDERATION, THE BURDEN OF PROOF IS ON THOSE ADVOCATING INTERVENTION TO DEMONSTRATE THAT IT WOULD BE BENEFICIAL TO THE NATIONAL INTEREST.

5. INVESTMENT FLOWS TO DEVELOPING COUNTRIES ARE A MATTER OF PARTICULAR CONCERN, AND IT IS NOT THE INTENT OF U.S. POLICY TO PRECLUDE APPROPRIATE ASSISTANCE TO THOSE DEVELOPING COUNTRIES WISHING TO ATTRACT FOREIGN DIRECT INVESTMENT. PRIVATE CAPITAL TRANSFERS ARE AN IMPORTANT SUPPLEMENT TO OTHER FORMS OF RESOURCE TRANSFERS.

6. WE RESPECT THE RIGHT OF EACH COUNTRY TO DETERMINE THE UNCLASSIFIED

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ENVIRONMENT IN WHICH FOREIGN INVESTMENT TAKES PLACE IN THAT COUNTRY. ONCE FOREIGN INVESTMENTS HAVE BEEN MADE ON THIS BASIS, GOVERNMENTS SHOULD NOT DISCRIMINATE AGAINST ESTABLISHED FIRMS ON THE BASIS OF NATIONALITY OR DEPRIVE SUCH FIRMS OF THEIR RIGHTS UNDER INTERNATIONAL LAW, SUCH AS ADEQUATE COMPENSATION FOR EXPROPRIATED PROPERTY.

7. WE REAFFIRM OUR SUPPORT FOR THE OECD INVESTMENT DECLARATION AND RELATED DECISIONS OF JUNE 21, 1976.

8. OUR INVESTMENT POLICY IS BASED ON FOUR PREMISES:

-- -- FIRST, INTERNATIONAL INVESTMENT WILL GENERALLY

-- RESULT IN THE MOST EFFICIENT ALLOCATION OF
-- ECONOMIC RESOURCES IF IT IS ALLOWED TO FLOW
-- ACCORDING TO MARKET FORCES.

-- -- SECOND, THERE IS NO BASIS FOR CONCLUDING THAT
-- A GENERAL POLICY OF ACTIVELY PROMOTING OR
-- DISCOURAGING INTERNATIONAL INVESTMENT WOULD
-- FURTHER THE U.S. NATIONAL INTEREST.

-- -- THIRD, UNILATERAL U.S. GOVERNMENT INTERVENTION
-- IN THE INTERNATIONAL INVESTMENT PROCESS COULD
-- PROMPT COUNTERACTIONS BY OTHER GOVERNMENTS
-- WITH ADVERSE EFFECTS ON THE U.S. ECONOMY AND
-- U.S. FOREIGN POLICY.

-- -- FOURTH, THE UNITED STATES HAS AN IMPORTANT
-- INTEREST IN SEEKING TO ASSURE THAT ESTABLISHED
-- INVESTORS RECEIVE EQUITABLE AND NON-DISCRIMINA-
-- TORY TREATMENT FROM HOST GOVERNMENTS.

9. ACCORDINGLY, THE U.S. GOVERNMENT SHOULD SEEK TO:

-- -- STRENGTHEN MULTILATERAL DISCIPLINE AND RESTRAINT
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-- OVER GOVERNMENT ACTIONS WHICH AFFECT INVESTMENT
-- DECISIONS, WHEN SUCH ACTIONS MIGHT ADVERSELY
-- AFFECT OTHER COUNTRIES;

-- -- OBTAIN EQUITABLE TREATMENT FOR INVESTORS
-- CONSISTENT WITH SUCH PRINCIPLES AS NATIONAL
-- TREATMENT OF ESTABLISHED FIRMS AND COMPLIANCE
-- WITH INTERNATIONAL LAW;

-- -- FOSTER INTERNATIONAL COOPERATION IN DEALING
-- WITH PROBLEMS ARISING FROM INTERNATIONAL
-- INVESTMENT.

10. FOR FURTHER ELABORATION SEE SPEECH BY UNDER SECRE-
TARY COOPER AT THE COUNCIL OF THE AMERICAS, JUNE 27,
1977, REPRINTED IN DEPARTMENT OF STATE BULLETIN NO. 1987,
JULY 25, 1977.
CHRISTOPHER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Format: TEL
From: STATE
Handling Restrictions: n/a
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Litigation History:
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Original Previous Classification: n/a
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Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1684223
Secure: OPEN
Status: NATIVE
Subject: U.S. GOVERNMENT POLICY ON DIRECT INTERNATIONAL INVESTMENT
TAGS: EINV, ECON, XX, US
To: ALL POSTS
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/65ed5160-c288-dd11-92da-001cc4696bcc
Review Markings:
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